

HLA HOLDINGS SDN BHD

(Company No. 846141-D)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

HLA HOLDINGS SDN BHD
(Company No.846141-D)
(Incorporated in Malaysia)

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HLA HOLDINGS SDN BHD
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group		Company	
		31.12.2015 RM'000	30.6.2015 RM'000	31.12.2015 RM'000	30.6.2015 RM'000
Assets					
Property, plant and equipment		150,825	145,716	-	-
Intangible assets		16,371	18,100	-	-
Investment in subsidiaries		-	-	557,812	537,425
Investment in associated company		794,713	762,526	618,646	618,646
Goodwill on consolidation		438	438	-	-
Investment properties	3	480,442	480,442	-	-
Financial assets	4	12,428,129	11,100,693	1,074	-
- Held-to-maturity financial assets	4	611,561	611,502	-	-
- Available-for-sale financial assets	4	8,959,353	8,446,013	1,074	-
- Fair value through profit or loss financial assets	4	1,422,233	1,187,024	-	-
- Loans and receivables	4	1,434,982	856,154	-	-
Derivative assets		108	456	-	-
Deferred tax assets		1,543	813	-	-
Tax recoverable		39,814	39,809	39,809	39,809
Reinsurance and retakaful assets	6	191,850	186,684	-	-
Other insurance and takaful receivables		140,690	163,614	-	-
Advances to other related companies		-	-	-	-
Other receivables		40,485	78,570	-	-
Non-current assets held for sale		60	60	-	-
Cash and cash equivalents		1,131,198	1,854,029	4	22,233
Total Assets		15,416,666	14,831,950	1,217,345	1,218,113

HLA HOLDINGS SDN BHD
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (CONT'D)**

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Equity, policyholders' fund and liabilities				
Share capital	312,500	312,500	312,500	312,500
Reserves	1,750,287	1,652,936	904,845	904,725
Shareholder's funds	2,062,787	1,965,436	1,217,345	1,217,225
Non-controlling interest	451,882	429,434	-	-
	<u>2,514,669</u>	<u>2,394,870</u>	<u>1,217,345</u>	<u>1,217,225</u>
Liabilities				
Insurance and takaful contract liabilities	7 10,252,732	9,863,653	-	-
Deferred tax liabilities	190,627	193,419	-	-
Tax payables	6,053	17,750	-	-
Other insurance and takaful payables	1,753,923	1,615,829	-	-
Other payables	160,235	215,996	-	888
Derivative liabilities	31,135	23,538	-	-
Subordinated notes	507,292	506,895	-	-
Total Liabilities	<u>12,901,997</u>	<u>12,437,080</u>	<u>-</u>	<u>888</u>
Total equity, policyholders' Fund and Liabilities	<u>15,416,666</u>	<u>14,831,950</u>	<u>1,217,345</u>	<u>1,218,113</u>

The accompanying notes form an integral part of the financial statements.

**UNAUDITED CONDENSED STATEMENT OF INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	Group		Company	
	6 months ended 31.12.2015	6 months ended 31.12.2014	6 months ended 31.12.2015	6 months ended 31.12.2014
	RM'000	RM'000	RM'000	RM'000
Gross earned premiums / contributions	1,399,618	1,324,189	-	-
Earned premiums / contributions ceded to reinsurers / retakaful operators	(83,678)	(72,200)	-	-
Net earned premiums / contributions	1,315,940	1,251,989	-	-
Investment income	295,902	297,489	119	115,322
Realised (losses) / gains	(55,197)	17,552	13	-
Fair value losses	(2,667)	(107,367)	-	-
Fees and commission income	14,450	10,074	-	-
Other operating income-net	9	40,288	-	-
Other revenue	252,497	258,036	132	115,322
Gross benefits and claims paid	(723,478)	(565,581)	-	-
Claims ceded to reinsurers and retakaful operators	47,860	70,718	-	-
Gross change to contract liabilities	(456,381)	(597,694)	-	-
Change in contract liabilities ceded to reinsurers and retakaful operators	10,028	16,253	-	-
Net benefits and claims	(1,121,971)	(1,076,304)	-	-
Fees and commission expense	(197,755)	(192,178)	-	-
Management expenses	(106,321)	(92,518)	-	-
Other operating expenses-net	(15,613)	(856)	(9)	(11)
Other expenses	(319,689)	(285,552)	(9)	(11)
Finance costs	(11,431)	(38,280)	-	(26,849)
Share of results of associated company	32,897	29,351	-	-
Profit before taxation	148,243	139,240	123	88,462
Taxation	(29,352)	(33,095)	(3)	(326)
Net profit for the financial period	118,891	106,145	120	88,136
Earnings per share (sen)	38.05	33.97	0.04	28.20

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	Group		Company	
	6 months ended 31.12.2015 RM'000	6 months ended 31.12.2014 RM'000	6 months ended 31.12.2015 RM'000	6 months ended 31.12.2014 RM'000
Net profit for the financial period	118,891	106,145	120	88,136
Other comprehensive income:				
<u>Items that may be subsequently reclassified to profit or loss</u>				
Fair value changes on available-for-sale financial assets, net of deferred tax:				
Gross fair value (losses) / gains arising during the financial period	(93,311)	(190,814)	13	-
Gross fair value gains transferred to income statement	(4,315)	(13,515)	(13)	-
	(97,626)	(204,329)	-	-
Tax effects thereon	12,183	12,462	-	-
Net fair value losses	(85,443)	(191,867)	-	-
Change in insurance contract liabilities arising from net fair value gains	67,150	51,714	-	-
Currency translation differences	19,910	10,773	-	-
Share of other comprehensive loss of associated company	(709)	(3,038)	-	-
Other comprehensive income / (loss) for the financial period	908	(132,418)	-	-
Total comprehensive income / (loss) for the financial period	<u>119,799</u>	<u>(26,273)</u>	<u>120</u>	<u>88,136</u>
Profit attributable to:				
Owners of the Company	90,939	81,609	120	88,136
Non-controlling interest	27,952	24,536	-	-
	<u>118,891</u>	<u>106,145</u>	<u>120</u>	<u>88,136</u>
Total comprehensive income / (loss) attributable to:				
Owners of the Company	97,351	(42,887)	120	88,136
Non-controlling interest	22,448	16,614	-	-
	<u>119,799</u>	<u>(26,273)</u>	<u>120</u>	<u>88,136</u>

The accompanying notes form an integral part of the financial statements.

HLA HOLDINGS SDN BHD
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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

Group	<-----Attributable to owners of the Company----->					Non controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	Retained earnings RM'000	Total RM'000		
At 1 July 2014	312,500	176,322	392,732	1,238,897	2,120,451	401,937	2,522,388
Net profit for the financial period	-	-	53,967	27,642	81,609	24,536	106,145
Other comprehensive loss for the financial period	-	(121,459)	-	-	(121,459)	(7,921)	(129,380)
Share of other comprehensive loss of associated company	-	(3,038)	-	-	(3,038)	-	(3,038)
	-	(124,497)	53,967	27,642	(42,888)	16,615	(26,273)
Transactions with owners							
Redemption during the financial period	-	19	-	(19)	-	-	-
Dividend paid during the financial period	-	-	-	(102,600)	(102,600)	-	(102,600)
	-	19	-	(102,619)	(102,600)	-	(102,600)
At 31 December 2014	312,500	51,844	446,699	1,163,920	1,974,963	418,552	2,393,515

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (CONT'D)**

Group	<-----Attributable to owners of the Company----->					Non controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reserves RM'000	*Retained earnings RM'000	Retained earnings RM'000	Total RM'000		
At 1 July 2015	312,500	64,729	479,579	1,108,628	1,965,436	429,434	2,394,870
Net profit for the financial period	-	-	73,374	17,565	90,939	27,952	118,891
Other comprehensive income for the financial period	-	7,121	-	-	7,121	(5,504)	1,617
Share of other comprehensive loss of associated company	-	(709)	-	-	(709)	-	(709)
	-	6,412	73,374	17,565	97,351	22,448	119,799
At 31 December 2015	<u>312,500</u>	<u>71,141</u>	<u>552,953</u>	<u>1,126,193</u>	<u>2,062,787</u>	<u>451,882</u>	<u>2,514,669</u>

* Non-distributable retained earnings comprise surplus of contracts without discretionary participation features, net of deferred tax, which is attributable wholly to the shareholders and the amount and timing of the distribution to the shareholders is subject to the recommendation of the Company's appointed actuary.

The accompanying notes form an integral part of the financial statements.

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015 (CONT'D)**

Company	<---Non-distributable--->		<-Distributable->	Total equity RM'000
	Share capital RM'000	Reserves RM'000	Retained earnings RM'000	
At 1 July 2014	312,500	1,500	898,820	1,212,820
Net profit for the financial period	-	-	88,136	88,136
Dividend paid during the financial period	-	-	(102,600)	(102,600)
At 31 December 2014	<u>312,500</u>	<u>1,500</u>	<u>884,356</u>	<u>1,198,356</u>
At 1 July 2015	312,500	1,500	903,225	1,217,225
Net profit for the financial period	-	-	120	120
At 31 December 2015	<u>312,500</u>	<u>1,500</u>	<u>903,345</u>	<u>1,217,345</u>

The accompanying notes form an integral part of the financial statements.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	Group		Company	
	6 months ended 31.12.2015 RM'000	6 months ended 31.12.2014 RM'000	6 months ended 31.12.2015 RM'000	6 months ended 31.12.2014 RM'000
Cash flow from operating activities				
Net profit for the financial period	118,891	106,145	120	88,136
Adjustments for:				
Investment income recorded in income statement	(295,902)	(297,489)	(119)	(115,322)
Realised losses/(gains) recorded in income statement	55,197	(17,552)	(13)	-
Fair value losses recorded in income statement	2,667	107,367	-	-
Foreign exchange gains	(38,300)	(37,871)	-	-
Depreciation of property, plant and equipment	6,149	4,128	-	-
Amortisation of intangible assets	1,371	2,326	-	-
Share of associated company's results	(32,897)	(29,351)	-	-
Finance cost	11,431	38,280	-	26,849
Tax expense	29,352	33,095	3	326
Operating loss before changes in assets and liabilities	(142,041)	(90,922)	(9)	(11)
Increase in reinsurance and retakaful assets	(5,166)	(39,301)	-	-
Decrease in insurance and takaful receivables and other receivables	17,700	63,819	-	-
Increase in insurance and takaful contract liabilities	456,229	600,055	-	-
Increase/(decrease) in insurance and takaful payables, provisions and other payables	82,333	(66,466)	(888)	(818)
Taxation paid	(31,066)	(21,366)	(3)	-
Net cash flows generated from/(used in) operating activities	520,030	536,741	(891)	(818)
Cash flows from investing activities				
Purchase of property and equipment	(2,141)	(4,198)	-	-
Proceeds from disposal property and equipment	1	76	-	-
Purchase of intangible assets	(2,000)	(1,396)	-	-
Dividend received from other investments	78,932	63,069	117	20
Dividend received from subsidiaries	-	-	-	210,605
Dividend received from associated company	-	29,983	-	29,983
Interest income received	216,970	204,437	2	1,302
(Increase)/decrease in financial assets	(1,332,683)	743,561	(1,061)	(1,235)
Proceeds from preference shares redemption in a subsidiary company	-	-	-	1,917,000
Investment in a subsidiary company	-	-	(20,387)	-
Purchase of derivatives	(58,193)	(17,168)	-	-
Net cash (outflow)/inflow from investing activities	(1,099,114)	1,018,364	(21,329)	2,157,675
Cash flows from financing activities				
Dividend paid to equity holders of the Company	-	(102,600)	-	(102,600)
Interest paid on medium term notes	-	(86,904)	-	(86,904)
Redemption of medium term notes	-	(2,000,000)	-	(2,000,000)
Interest paid on subordinated notes	(11,034)	(11,157)	-	-
Net cash outflow from financing activities	(11,034)	(2,200,661)	-	(2,189,504)
Net decrease in cash and cash equivalents	(732,159)	(736,478)	(22,229)	(32,658)
Effect of change in foreign exchange rate	9,328	6,330	-	-
Cash and cash equivalents at beginning of the financial period	1,854,029	1,886,034	22,233	32,664
Cash and cash equivalents at end of the financial period	1,131,198	1,155,886	4	6

The accompanying notes form an integral part of the financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 December 2015 of the Group and Company are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and should be read in conjunction with the Group and Company's audited financial statements for the financial year ended 30 June 2015, which were prepared in accordance with the Malaysian Financial Reporting Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation adopted by the Group and Company for the condensed interim financial statements are consistent with those adopted in the Group and Company's audited financial statements for the financial year ended 30 June 2015.

3. INVESTMENT PROPERTIES

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
As at beginning of the financial period/year	480,442	241,760	-	-
Additions	-	226,594	-	-
Fair value gain	-	12,088	-	-
As at end of the financial period/year	<u>480,442</u>	<u>480,442</u>	<u>-</u>	<u>-</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

3. INVESTMENT PROPERTIES (CONT'D)

The analysis of investment properties is as follows:

Freehold land and building
 Leasehold land and building

Group		Company	
31.12.2015	30.6.2015	31.12.2015	30.6.2015
RM'000	RM'000	RM'000	RM'000
478,594	478,594	-	-
1,848	1,848	-	-
480,442	480,442	-	-

The fair values of the investment properties as at 30 June 2015 were revalued by an independent professional valuer, Rahim & Co. Fair value changes are recorded in the income statement.

Recurring fair value measurements

The investment properties, which fair value is under Level 2 of the fair value hierarchy, is measured using comparison method. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as land area and location and time factor. The most significant input into this valuation approach is price per square foot.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities and other Government guaranteed assets	1,977,006	1,624,703	-	-
Debt securities	6,137,322	5,964,666	-	-
Equity securities	2,123,476	2,069,914	-	-
Unit and property trust funds	571,592	425,937	1,074	-
Structured investments	4,313	7,220	-	-
Loans	629,920	661,576	-	-
Deposits with financial institutions	984,500	346,677	-	-
	12,428,129	11,100,693	1,074	-

The Company's financial investments are summarised by categories as follows:

Held-to-maturity financial assets ("HTM")	611,561	611,502	-	-
Available-for-sale financial assets ("AFS")	8,959,353	8,446,013	1,074	-
Fair value through profit and loss financial assets ("FVTPL")	1,422,233	1,187,024	-	-
Loans and receivables ("LAR")	1,434,982	856,154	-	-
	12,428,129	11,100,693	1,074	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS (CONT'D)

The following investments mature within 12 months:

AFS financial assets

FVTPL financial assets

Loans and receivables

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
	787,784	704,555	-	-
	18,090	26,218	-	-
	1,434,982	856,154	-	-
	<u>2,240,856</u>	<u>1,586,927</u>	<u>-</u>	<u>-</u>

The following investments mature after 12 months:

HTM financial assets

AFS financial assets

FVTPL financial assets

	611,561	611,502	-	-
	8,171,569	7,741,458	1,074	-
	1,404,143	1,160,806	-	-
	<u>10,187,273</u>	<u>9,513,766</u>	<u>1,074</u>	<u>-</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS (CONT'D)

(a) HTM

At amortised cost:

Debt securities

- Unquoted in Malaysia

Group		Company	
31.12.2015	30.6.2015	31.12.2015	30.6.2015
RM'000	RM'000	RM'000	RM'000
611,561	611,502	-	-
611,561	611,502	-	-

At fair value:

Debt securities

- Unquoted in Malaysia

619,176	628,749	-	-
619,176	628,749	-	-

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS (CONT'D)

(b) AFS

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Malaysian Government Securities and other Government guaranteed assets	1,862,514	1,572,312	-	-
Debt securities				
- Unquoted in Malaysia	4,943,235	4,827,193	-	-
- Unquoted outside Malaysia	317,551	318,964	-	-
Equity securities				
- Quoted in Malaysia *	1,325,233	1,255,870	-	-
- Unquoted in Malaysia	2,147	2,147	-	-
- Quoted outside Malaysia	154,256	228,611	-	-
Unit trusts				
- Quoted in Malaysia	127,742	128,732	-	-
- Quoted outside Malaysia	26,010	16,876	-	-
- Unquoted in Malaysia	200,665	95,308	1,074	-
	8,959,353	8,446,013	1,074	-

* Includes Hong Leong Financial Group Berhad (“HLFG”) ordinary shares held by AmTrustee Berhad for the ESOS scheme by HLFG.

There is no new option granted during the financial period ended 31.12.2015 and 30.6.2015.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS (CONT'D)

(c) FVTPL

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Malaysian Government Securities and other Government guaranteed assets	114,492	52,391	-	-
Debt securities				
- Unquoted in Malaysia	255,633	190,015	-	-
- Unquoted outside Malaysia	9,342	16,992	-	-
Equity securities				
- Quoted in Malaysia	522,186	493,891	-	-
- Quoted outside Malaysia	119,654	89,395	-	-
Unit trusts				
- Quoted in Malaysia	14,479	14,772	-	-
- Quoted outside Malaysia	3,393	2,411	-	-
- Unquoted in Malaysia	199,303	167,838	-	-
Structured investments				
- Unquoted in Malaysia	4,313	7,220	-	-
Fixed and call deposits				
- Licensed financial institutions	179,438	152,099	-	-
	1,422,233	1,187,024	-	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

4. FINANCIAL ASSETS (CONT'D)

(d) LAR

	Group		Company	
	31.12.2015	30.6.2015	31.12.2015	30.6.2015
	RM'000	RM'000	RM'000	RM'000
At cost:				
Fixed and call deposits				
- Licensed financial institutions	805,062	194,578	-	-
Policy loans	31,461	30,979	-	-
Premium loans	598,459	630,597	-	-
	<u>1,434,982</u>	<u>856,154</u>	<u>-</u>	<u>-</u>
At fair value:				
Fixed and call deposits				
- Licensed financial institutions	805,062	194,578	-	-
Policy loans	31,461	30,979	-	-
Premium loans	598,459	630,597	-	-
	<u>1,434,982</u>	<u>856,154</u>	<u>-</u>	<u>-</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. FAIR VALUE HIERARCHY

Recurring fair values measurements

The table below analyses those financial instruments carried at fair value by their valuation method.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instrument are generally classified as Level 2.

Level 2 valuation are mainly based on indicative fair market prices/index by reference to the quotations provided by financial institutions and brokers. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. FAIR VALUE HIERARCHY (CONT'D)

	Group			Company		
	Financial assets			Financial assets		
	AFS	FVTPL	Total	AFS	FVTPL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2015						
<u>Recurring fair value measurements</u>						
Level 1	1,633,241	659,712	2,292,953	-	-	-
Level 2	7,323,965	762,521	8,086,486	1,074	-	1,074
Level 3	2,147	-	2,147	-	-	-
	8,959,353	1,422,233	10,381,586	1,074	-	1,074
30.6.2015						
<u>Recurring fair value measurements</u>						
Level 1	1,630,089	600,469	2,230,558	-	-	-
Level 2	6,813,777	586,555	7,400,332	-	-	-
Level 3	2,147	-	2,147	-	-	-
	8,446,013	1,187,024	9,633,037	-	-	-

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

5. FAIR VALUE HIERARCHY (CONT'D)

31.12.2015

Recurring fair value measurements

Level 2

Group		Company	
Derivatives assets RM'000	Derivatives liabilities RM'000	Derivatives assets RM'000	Derivatives liabilities RM'000
108	31,135	-	-
<u>108</u>	<u>31,135</u>	<u>-</u>	<u>-</u>

30.6.2015

Recurring fair value measurements

Level 2

456	23,538	-	-
<u>456</u>	<u>23,538</u>	<u>-</u>	<u>-</u>

There is no significant transfer between Level 1 and Level 2 of the fair value hierarchy during the current financial period. There is also no movement in Level 3 of the fair value hierarchy during the current financial period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

6 . REINSURANCE AND RETAKAFUL ASSETS

	<-----Group----->	
	31.12.2015	30.6.2015
	RM'000	RM'000
Reinsurance of life and general insurance contracts	86,703	84,102
Retakaful of general takaful contracts	71,796	70,077
Retakaful of family takaful contracts	33,351	32,505
	191,850	186,684

7 . INSURANCE AND TAKAFUL CONTRACT LIABILITIES

The insurance and takaful contract liabilities, reinsurance and retakaful balances are further analysed as follows:

	<-----Group----->		
	<-----31.12.2015----->		
	Gross	Reinsurance	Net
	RM'000	and retakaful	RM'000
	RM'000	RM'000	RM'000
Life and general insurance (Note a)	9,907,281	(86,703)	9,820,578
General Takaful (Note b)	120,192	(71,796)	48,396
Family Takaful (Note c)	230,314	(33,351)	196,963
Elimination of investment in investment-linked funds	(5,055)	-	(5,055)
	10,252,732	(191,850)	10,060,882

	<-----Group----->		
	<-----30.6.2015----->		
	Gross	Reinsurance	Net
	RM'000	and retakaful	RM'000
	RM'000	RM'000	RM'000
Life and general insurance (Note a)	9,540,966	(84,102)	9,456,864
General Takaful (Note b)	114,594	(70,077)	44,517
Family Takaful (Note c)	213,112	(32,505)	180,607
Elimination of investment in investment-linked funds	(5,019)	-	(5,019)
	9,863,653	(186,684)	9,676,969

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

7. INSURANCE AND TAKAFUL CONTRACT LIABILITIES (CONT'D)

(a) The life and general insurance contract liabilities and reinsurance balances are further analysed as follow:

	<-----Group----->		
	<-----31.12.2015----->		
	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000
Provision for outstanding claims	168,719	(57,063)	111,656
Actuarial liabilities	7,954,880	(29,640)	7,925,240
Unallocated surplus	372,460	-	372,460
AFS fair value reserves	132,785	-	132,785
Net asset value attributable to unitholders	1,278,437	-	1,278,437
	<u>9,907,281</u>	<u>(86,703)</u>	<u>9,820,578</u>

	<-----Group----->		
	<-----30.6.2015----->		
	Gross	Reinsurance	Net
	RM'000	RM'000	RM'000
Provision for outstanding claims	154,872	(49,609)	105,263
Actuarial liabilities	7,832,855	(34,493)	7,798,362
Unallocated surplus	153,788	-	153,788
AFS fair value reserves	203,164	-	203,164
Net asset value attributable to unitholders	1,196,287	-	1,196,287
	<u>9,540,966</u>	<u>(84,102)</u>	<u>9,456,864</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

7. INSURANCE AND TAKAFUL CONTRACT LIABILITIES (CONT'D)

(b) The General takaful contract liabilities and retakaful balances are further analysed as follow:

	<-----Group----->		
	<-----31.12.2015----->		
	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for claims reported	-	-	
by certificate holders	46,046	(35,425)	10,621
Provision for IBNR	44,164	(30,554)	13,610
Provision for outstanding claims	90,210	(65,979)	24,231
Unearned contribution reserve	15,967	(5,817)	10,150
AFS fair value adjustment	925	-	925
Participants' account	7,270	-	7,270
Unallocated surplus	5,820	-	5,820
	<u>120,192</u>	<u>(71,796)</u>	<u>48,396</u>

	<-----Group----->		
	<-----30.6.2015----->		
	Gross RM'000	Retakaful RM'000	Net RM'000
Provision for claims reported	-	-	
by certificate holders	50,813	(39,816)	10,997
Provision for IBNR	34,114	(21,871)	12,243
Provision for outstanding claims	84,927	(61,687)	23,240
Unearned contribution reserve	17,725	(8,390)	9,335
AFS fair value adjustment	1,037	-	1,037
Participants' account	7,270	-	7,270
Unallocated surplus	3,635	-	3,635
	<u>114,594</u>	<u>(70,077)</u>	<u>44,517</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

7. INSURANCE AND TAKAFUL CONTRACT LIABILITIES (CONT'D)

(c) The Family takaful contract liabilities and retakaful balances are further analysed as follow:

	<-----Group----->		
	<-----31.12.2015----->		
	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
Actuarial liabilities	219,155	(28,338)	190,817
Claims liabilities	5,467	(5,013)	454
Unallocated surplus	3,352	-	3,352
AFS fair value adjustment	2,340	-	2,340
	<u>230,314</u>	<u>(33,351)</u>	<u>196,963</u>

	<-----Group----->		
	<-----30.6.2015----->		
	Gross	Retakaful	Net
	RM'000	RM'000	RM'000
Actuarial liabilities	201,729	(28,151)	173,578
Claims liabilities	5,066	(4,354)	712
Unallocated surplus	2,396	-	2,396
AFS fair value adjustment	3,921	-	3,921
	<u>213,112</u>	<u>(32,505)</u>	<u>180,607</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8 . INSURANCE AND TAKAFUL FUNDS

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2015

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Assets								
Property, plant and equipment	64,211	85,104	1,510	-	-	-	-	150,825
Intangible assets	5,520	4,194	6,657	-	-	-	-	16,371
Investment in subsidiaries	-	-	-	-	-	557,812	(557,812)	-
Investment in associated company	-	-	-	-	-	618,646	176,067	794,713
Goodwill on consolidation	-	-	-	-	-	-	438	438
Investment properties	226,594	253,848	-	-	-	-	-	480,442
Financial assets	870,246	11,268,098	71,385	49,929	172,199	1,327	(5,055)	12,428,129
- Held-to-maturity financial assets	-	611,561	-	-	-	-	-	611,561
- Available-for-sale financial assets	808,594	7,885,084	71,385	49,527	148,491	1,327	(5,055)	8,959,353
- Fair value through profit or loss financial assets	61,619	1,343,116	-	-	17,498	-	-	1,422,233
- Loans and receivables	33	1,428,337	-	402	6,210	-	-	1,434,982
Derivative assets	-	108	-	-	-	-	-	108
Deferred tax assets	-	-	723	1,015	(195)	-	-	1,543
Tax recoverable	-	-	-	-	-	39,814	-	39,814
Reinsurance and retakaful assets	42,626	44,077	-	71,796	33,351	-	-	191,850
Other insurance and takaful receivables	6,124	119,856	-	11,080	3,630	-	-	140,690
Other receivables	1,010,446	13,165	9,808	2,313	1,345	-	(996,592)	40,485
Non-current assets held for sale	60	-	-	-	-	-	-	60
Cash and cash equivalents	168,726	923,376	2,670	4,820	31,598	8	-	1,131,198
Total Assets	2,394,553	12,711,826	92,753	140,953	241,928	1,217,607	(1,382,954)	15,416,666

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8 . INSURANCE AND TAKAFUL FUNDS (CONT'D)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2015 (CONT'D)

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Equity, policyholders' fund and liabilities								
Share capital	293,238	-	100,000	-	-	312,500	(393,238)	312,500
Reserves	1,300,443	-	(15,312)	-	-	905,107	(439,951)	1,750,287
Shareholder's funds	1,593,681	-	84,688	-	-	1,217,607	(833,189)	2,062,787
Non-controlling interest	-	-	-	-	-	-	451,882	451,882
	<u>1,593,681</u>	<u>-</u>	<u>84,688</u>	<u>-</u>	<u>-</u>	<u>1,217,607</u>	<u>(381,307)</u>	<u>2,514,669</u>
Liabilities								
Insurance and takaful contract liabilities	89,803	9,817,478	-	120,192	230,314	-	(5,055)	10,252,732
Deferred tax liabilities	169,840	20,787	-	-	-	-	-	190,627
Tax payables	(771)	4,900	(4,030)	4,185	1,769	-	-	6,053
Other insurance and takaful payables	19,377	1,722,438	-	8,446	3,662	-	-	1,753,923
Other payables	15,194	1,115,225	12,095	8,130	6,183	-	(996,592)	160,235
Derivative liabilities	137	30,998	-	-	-	-	-	31,135
Subordinated notes	507,292	-	-	-	-	-	-	507,292
Total Liabilities	<u>800,872</u>	<u>12,711,826</u>	<u>8,065</u>	<u>140,953</u>	<u>241,928</u>	<u>-</u>	<u>(1,001,647)</u>	<u>12,901,997</u>
Total equity, policyholders' Fund and Liabilities	<u>2,394,553</u>	<u>12,711,826</u>	<u>92,753</u>	<u>140,953</u>	<u>241,928</u>	<u>1,217,607</u>	<u>(1,382,954)</u>	<u>15,416,666</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8 . INSURANCE AND TAKAFUL FUNDS (CONT'D)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 30 JUNE 2015

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Assets								
Property, plant and equipment	58,004	86,058	1,654	-	-	-	-	145,716
Intangible assets	5,545	5,284	7,271	-	-	-	-	18,100
Investment in subsidiaries	-	-	-	-	-	537,425	(537,425)	-
Investment in associated company	-	-	-	-	-	618,646	143,880	762,526
Goodwill on consolidation	-	-	-	-	-	-	438	438
Investment properties	226,594	253,848	-	-	-	-	-	480,442
Financial assets	760,391	10,062,493	74,064	50,274	158,222	268	(5,019)	11,100,693
- Held-to-maturity financial assets	-	611,502	-	-	-	-	-	611,502
- Available-for-sale financial assets	735,169	7,457,816	74,064	49,879	133,836	268	(5,019)	8,446,013
- Fair value through profit or loss financial assets	25,190	1,144,080	-	-	17,754	-	-	1,187,024
- Loans and receivables	32	849,095	-	395	6,632	-	-	856,154
Derivative assets	-	456	-	-	-	-	-	456
Deferred tax assets	-	-	551	578	(316)	-	-	813
Tax recoverable	-	-	-	-	-	39,809	-	39,809
Reinsurance and retakaful assets	38,869	45,233	-	70,077	32,505	-	-	186,684
Other insurance and takaful receivables	14,292	132,744	-	11,755	4,823	-	-	163,614
Other receivables	1,019,571	30,376	11,902	2,312	1,125	-	(986,716)	78,570
Non-current assets held for sale	60	-	-	-	-	-	-	60
Cash and cash equivalents	158,031	1,640,615	3,243	2,521	27,381	22,238	-	1,854,029
Total Assets	2,281,357	12,257,107	98,685	137,517	223,740	1,218,386	(1,384,842)	14,831,950

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8 . INSURANCE AND TAKAFUL FUNDS (CONT'D)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION BY FUNDS
AS AT 30 JUNE 2015 (CONT'D)

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Equity, policyholders' fund and liabilities								
Share capital	272,850	-	100,000	-	-	312,500	(372,850)	312,500
Reserves	1,209,769	-	(12,125)	-	-	904,983	(449,691)	1,652,936
Shareholder's funds	1,482,619	-	87,875	-	-	1,217,483	(822,541)	1,965,436
Non-controlling interest	-	-	-	-	-	-	429,434	429,434
	<u>1,482,619</u>	<u>-</u>	<u>87,875</u>	<u>-</u>	<u>-</u>	<u>1,217,483</u>	<u>(393,107)</u>	<u>2,394,870</u>
Liabilities								
Insurance and takaful contract liabilities	78,686	9,462,280	-	114,594	213,112	-	(5,019)	9,863,653
Deferred tax liabilities	166,710	26,709	-	-	-	-	-	193,419
Tax payables	10,199	5,960	(3,092)	3,169	1,502	12	-	17,750
Other insurance and takaful payables	24,135	1,576,722	-	11,277	3,695	-	-	1,615,829
Other payables	11,831	1,162,180	13,902	8,477	5,431	891	(986,716)	215,996
Derivative liabilities	282	23,256	-	-	-	-	-	23,538
Subordinated notes	506,895	-	-	-	-	-	-	506,895
Total Liabilities	<u>798,738</u>	<u>12,257,107</u>	<u>10,810</u>	<u>137,517</u>	<u>223,740</u>	<u>903</u>	<u>(991,735)</u>	<u>12,437,080</u>
Total equity, policyholders' Fund and Liabilities	<u>2,281,357</u>	<u>12,257,107</u>	<u>98,685</u>	<u>137,517</u>	<u>223,740</u>	<u>1,218,386</u>	<u>(1,384,842)</u>	<u>14,831,950</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8. INSURANCE AND TAKAFUL FUNDS (CONT'D)

UNAUDITED CONDENSED INCOME STATEMENT BY FUND
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2015

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Gross earned premiums / contributions	49,790	1,296,721	-	20,667	32,440	-	-	1,399,618
Earned premiums / contributions ceded to reinsurers / retakaful operators	(29,454)	(39,756)	-	(8,908)	(5,560)	-	-	(83,678)
Net earned premiums / contributions	20,336	1,256,965	-	11,759	26,880	-	-	1,315,940
Investment income	19,422	269,688	1,528	1,101	3,757	124	282	295,902
Realised gains / (losses)	1,339	(56,987)	86	27	325	13	-	(55,197)
Fair value (losses) / gains	(4,522)	3,456	(199)	(147)	(1,255)	-	-	(2,667)
Wakalah income	-	-	15,992	-	-	-	(15,992)	-
Share of investment profit from Family Takaful	-	-	282	-	-	-	(282)	-
Fees and commission income	10,824	8,865	-	2,445	-	-	(7,684)	14,450
Other operating income-net	9	-	-	-	-	-	-	9
Other revenue	27,072	225,022	17,689	3,426	2,827	137	(23,676)	252,497
Gross benefits and claims paid	(17,537)	(690,982)	-	(7,980)	(6,979)	-	-	(723,478)
Claims ceded to reinsurers and retakaful operators	9,525	29,551	-	4,886	3,898	-	-	47,860
Gross change to contract liabilities	(5,715)	(424,416)	-	(7,468)	(18,782)	-	-	(456,381)
Change in contract liabilities ceded to reinsurers and retakaful operators	4,913	(21)	-	4,291	845	-	-	10,028
Net benefits and claims	(8,814)	(1,085,868)	-	(6,271)	(21,018)	-	-	(1,121,971)
Fees and commission expense	(2,259)	(196,777)	(6,403)	-	-	-	7,684	(197,755)
Wakalah expense	-	-	-	(6,686)	(9,306)	-	15,992	-
Management expenses	(24,276)	(67,752)	(14,293)	-	-	-	-	(106,321)
Other operating expenses-net	(16,967)	1,915	254	(1,612)	807	(10)	-	(15,613)
Other expenses	(43,502)	(262,614)	(20,442)	(8,298)	(8,499)	(10)	23,676	(319,689)
Finance costs	(11,431)	-	-	-	-	-	-	(11,431)
Share of results of associated company	-	-	-	-	-	-	32,897	32,897
(Loss) / profit before taxation	(16,339)	133,505	(2,753)	616	190	127	32,897	148,243
Taxation	(11,161)	(17,283)	(99)	(616)	(190)	(3)	-	(29,352)
Net (loss) / profit for the financial period	(27,500)	116,222	(2,852)	-	-	124	32,897	118,891

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

8. INSURANCE AND TAKAFUL FUNDS (CONT'D)

UNAUDITED CONDENSED INCOME STATEMENT BY FUND
FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2014

Group	Shareholders' and General Insurance Fund RM'000	Life Insurance Fund RM'000	Takaful Operator Fund RM'000	General Takaful Fund RM'000	Family Takaful Fund RM'000	Others RM'000	Elimination and adjustments RM'000	Total RM'000
Gross earned premiums / contributions	36,675	1,236,382	-	23,510	27,622	-	-	1,324,189
Earned premiums / contributions ceded to reinsurers / retakaful operators	(19,509)	(35,769)	-	(12,004)	(4,918)	-	-	(72,200)
Net earned premiums / contributions	17,166	1,200,613	-	11,506	22,704	-	-	1,251,989
Investment income	26,582	236,965	1,768	975	2,878	200,595	(172,274)	297,489
Realised (losses) / gains	(1,931)	22,308	-	18	-	(2,843)	-	17,552
Fair value (losses) / gains	(1,457)	(106,012)	-	-	102	-	-	(107,367)
Wakalah income	-	-	12,774	-	-	-	(12,774)	-
Share of investment profit from Family Takaful	-	-	279	-	-	-	(279)	-
Fees and commission income	7,302	6,786	-	2,772	-	-	(6,786)	10,074
Other operating income-net	1,977	36,204	1,253	(307)	1,161	-	-	40,288
Other revenue	32,473	196,251	16,074	3,458	4,141	197,752	(192,113)	258,036
Gross benefits and claims paid	(12,316)	(512,302)	-	(29,397)	(11,566)	-	-	(565,581)
Claims ceded to reinsurers and retakaful operators	6,060	29,618	-	26,360	8,680	-	-	70,718
Gross change to contract liabilities	(2,756)	(557,258)	-	(28,318)	(9,362)	-	-	(597,694)
Change in contract liabilities ceded to reinsurers and retakaful operators	1,635	128	-	22,904	(8,414)	-	-	16,253
Net benefits and claims	(7,377)	(1,039,814)	-	(8,451)	(20,662)	-	-	(1,076,304)
Fees and commission expense	(2,147)	(189,472)	(7,345)	-	-	-	6,786	(192,178)
Wakalah expense	-	-	-	(6,599)	(6,175)	-	12,774	-
Management expenses	(18,373)	(61,040)	(13,105)	-	-	-	-	(92,518)
Other operating expenses-net	(283)	-	-	-	-	(573)	-	(856)
Other expenses	(20,803)	(250,512)	(20,450)	(6,599)	(6,175)	(573)	19,560	(285,552)
Finance costs	(11,431)	-	-	-	-	(26,849)	-	(38,280)
Share of results of associated company	-	-	-	-	-	-	29,351	29,351
Profit / (loss) before taxation	10,028	106,538	(4,376)	(86)	8	170,330	(143,202)	139,240
Taxation	(19,131)	(12,518)	(1,168)	86	(8)	(356)	-	(33,095)
Net profit for the financial period	(9,103)	94,020	(5,544)	-	-	169,974	(143,202)	106,145

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

9 . ITEMS OF AN UNUSUAL NATURE

The results of the Group and Company for the financial period under review were not substantially affected by any item, transaction or event of a material and unusual nature.

10 . CHANGES IN ESTIMATE

There were no material changes in the basis used for accounting estimates for the financial period ended 31 December 2015.

11 . SEASONAL OR CYCLICAL FACTORS

The operations of the Group and Company for the financial period under review were not significantly affected by seasonality or cyclical factors.

12 . CHANGES IN CONTIGENT LIABILITIES

There were no material contingent liabilities as at the date of the Report.

13 . DEBTS AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities during the financial period ended 31 December 2015.

14 . SUBSEQUENT EVENTS

There were no material events subsequent to the end of the financial period under review that have not been reported in the Report.